



# Louisiana Senate Finance Committee



## FY23 Recommended Budget

### 12 – Department of Revenue

March 2022

*Senator Patrick Page Cortez, President*  
*Senator Bodi White, Chairman*



# FY23 Recommended Budget

## Schedule 12-440 — Department of Revenue

Department of Revenue's mission — "To fairly and efficiently collect state tax revenue to fund public services; to regulate charitable gaming and the sale of alcoholic beverages and tobacco; and to support state agencies in the collection of overdue debts."

### Alcohol and Tobacco Control

#### **Administration, Certification and Enforcement of Alcoholic Beverage and Tobacco Product Sales**

- Alcoholic beverage retailers, wholesalers, manufacturers, native wineries
- Retail and wholesale tobacco product dealers
- CBD and vaping products

### Tax Collection

#### **Coordinates and implements all efforts related to tax collection**

- **Administration** – everyday office functions such as human resources, budgeting, purchasing and technology
- **Tax Policy Management** – policy issues including legislation, rules, fiscal note responses, other policy issues
- **Revenue Collection and Distribution** – return processing, taxpayer registration, state and local taxes
- **Taxpayer Assistance** - customer service and community outreach, tax clearances and certifications
- **Tax Compliance** – audits and investigations of tax related issues
- **Tax Enforcement** – collects tax debt through multiple means and defends the state in litigation

### Office of Charitable Gaming

#### **Administration, Certification, Audit and Enforcement of the Charitable Gaming Industry**

- Licenses, educates, and monitors organizations conducting legalized gaming as a fund-raising mechanism
- Licenses and enforces commercial lessors of electronic video bingo and progressive mega-jackpot bingo



# Department of Revenue Office Locations

## **TAX COLLECTION**

- Baton Rouge (headquarters; LaSalle Building)
- New Orleans (Benson Tower)
- Lafayette (with Wildlife and Fisheries)
- Houston
- Dallas
- Alexandria (State Office Building)
- Monroe (proposed – state owned)
- Shreveport (proposed)

## **ALCOHOL AND TOBACCO CONTROL**

- Baton Rouge (headquarters; with Dept. of Public Safety)
- New Orleans (Benson Tower)
- Lafayette (with Wildlife and Fisheries)
- Opelousas (Civic Center)
- Monroe (proposed – state owned)
- Shreveport (proposed)

## **CHARITABLE GAMING**

- Baton Rouge (headquarters; LaSalle Building)

## **TAX FREE SHOPPING COMMISSION**

- New Orleans Armstrong Airport

State-owned buildings

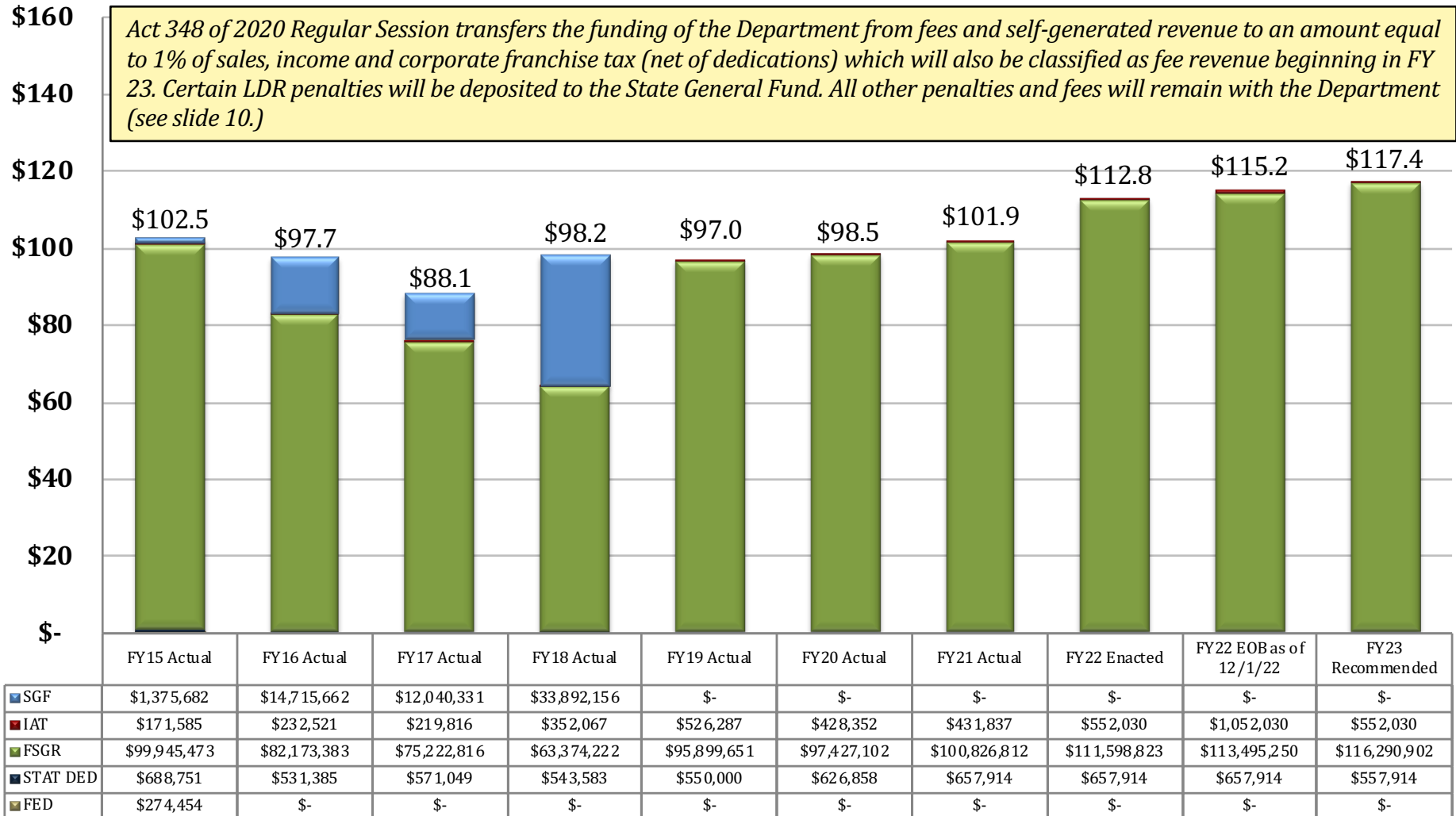


# Department of Revenue

## Changes in Funding since FY15

### Total Budget by Fiscal Year and Means of Finance (in \$ millions)

Change from FY15 to FY21 is -0.5%  
Change from FY15 to FY23 is 12.4%





# Budget Adjustments Recommended for FY23

| State General Fund (Direct) | Interagency Transfers | Fees and Self-generated Revenues | Statutory Dedications | Federal Funds | Total         | T.O. | Adjustment                                           |
|-----------------------------|-----------------------|----------------------------------|-----------------------|---------------|---------------|------|------------------------------------------------------|
| \$0                         | \$1,052,030           | \$113,495,250                    | \$657,914             | \$0           | \$115,205,194 | 720  | Existing Operating Budget as of 12/1/21              |
| \$0                         | \$0                   | \$1,306,690                      | \$0                   | \$0           | \$1,306,690   | 0    | Market Rate Classified                               |
| \$0                         | \$0                   | \$66,187                         | \$0                   | \$0           | \$66,187      | 0    | Unclassified Pay Increase                            |
| \$0                         | \$0                   | \$284,023                        | \$0                   | \$0           | \$284,023     | 0    | Civil Service Training Series                        |
| \$0                         | \$0                   | \$1,188,292                      | \$0                   | \$0           | \$1,188,292   | 0    | Related Benefits Base Adjustment                     |
| \$0                         | \$0                   | \$373,387                        | \$0                   | \$0           | \$373,387     | 0    | Retirement Rate Adjustment                           |
| \$0                         | \$0                   | \$120,257                        | \$0                   | \$0           | \$120,257     | 0    | Group Insurance Rate Adjustment for Active Employees |
| \$0                         | \$0                   | \$119,580                        | \$0                   | \$0           | \$119,580     | 0    | Group Insurance Rate Adjustment for Retirees         |
| \$0                         | \$0                   | \$1,417,171                      | \$0                   | \$0           | \$1,417,171   | 0    | Salary Base Adjustment                               |
| \$0                         | \$0                   | (\$2,579,886)                    | \$0                   | \$0           | (\$2,579,886) | 0    | Attrition Adjustment                                 |
| \$0                         | \$0                   | (\$373,311)                      | \$0                   | \$0           | (\$373,311)   | (3)  | Personnel Reductions                                 |
| \$0                         | \$0                   | \$409,206                        | \$16,814              | \$0           | \$426,020     | 0    | Acquisitions & Major Repairs                         |
| \$0                         | \$0                   | (\$474,496)                      | (\$16,814)            | \$0           | (\$491,310)   | 0    | Non-recurring Acquisitions & Major Repairs           |
| \$0                         | \$0                   | (\$1,896,427)                    | \$0                   | \$0           | (\$1,896,427) | 0    | Non-recurring Carryforwards                          |
| \$0                         | \$0                   | \$63,910                         | \$0                   | \$0           | \$63,910      | 0    | Risk Management                                      |
| \$0                         | \$0                   | (\$35,338)                       | \$0                   | \$0           | (\$35,338)    | 0    | Legislative Auditor Fees                             |
| \$0                         | \$0                   | \$63,177                         | \$0                   | \$0           | \$63,177      | 0    | Rent in State-owned Buildings                        |
| \$0                         | \$0                   | \$17,513                         | \$0                   | \$0           | \$17,513      | 0    | Maintenance in State-owned Buildings                 |
| \$0                         | \$0                   | \$104                            | \$0                   | \$0           | \$104         | 0    | Capitol Park Security                                |
| \$0                         | \$0                   | \$2,434                          | \$0                   | \$0           | \$2,434       | 0    | USPS Fees                                            |
| \$0                         | \$0                   | \$13,762                         | \$0                   | \$0           | \$13,762      | 0    | Civil Service Fees                                   |
| \$0                         | \$0                   | \$22,857                         | \$0                   | \$0           | \$22,857      | 0    | State Treasury Fees                                  |
| \$0                         | \$0                   | \$7,195                          | \$0                   | \$0           | \$7,195       | 0    | Office of Technology Services (OTS)                  |
| \$0                         | \$0                   | (\$10,033)                       | \$0                   | \$0           | (\$10,033)    | 0    | Administrative Law Judges                            |
| \$0                         | \$0                   | \$2,346,930                      | \$0                   | \$0           | \$2,346,930   | 0    | 27th Pay Period                                      |
| \$0                         | \$0                   | (\$14,699)                       | \$0                   | \$0           | (\$14,699)    | 0    | Office of State Procurement                          |
| \$0                         | \$0                   | \$2,438,485                      | \$0                   | \$0           | \$2,438,485   | (3)  | <b>Total Statewide Adjustments</b>                   |
| \$0                         | \$0                   | \$100,000                        | (\$100,000)           | \$0           | \$0           | 0    | Total Means of Finance Substitutions                 |
| \$0                         | (\$500,000)           | \$0                              | \$0                   | \$0           | (\$500,000)   | 0    | Total Non-recurring Other Adjustments                |
| \$0                         | \$0                   | \$257,167                        | \$0                   | \$0           | \$257,167     | 0    | Total Other Adjustments                              |
| \$0                         | (\$500,000)           | \$357,167                        | (\$100,000)           | \$0           | (\$242,833)   | 0    | Total Agency Specific Adjustments                    |
| \$0                         | \$552,030             | \$116,290,902                    | \$557,914             | \$0           | \$117,400,846 | 717  | <b>TOTAL FY 23 RECOMMENDED BUDGET</b>                |
| \$0                         | (\$500,000)           | \$2,795,652                      | (\$100,000)           | \$0           | \$2,195,652   | (3)  | Total Adjustments (Statewide and Agency-specific)    |



# 12-440 Department of Revenue

## FY23 Statewide and Agency Specific Adjustments

| State General Fund (Direct) | Interagency Transfers | Fees and Self-generated Revenues | Statutory Dedications | Federal Funds | Total | T.O. | Adjustment                                                                                                                                                                                                                                      |
|-----------------------------|-----------------------|----------------------------------|-----------------------|---------------|-------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| \$0                         | \$0                   | \$100,000                        | (\$100,000)           | \$0           | \$0   | 0    | Tax Collection - removes funding from the LA Entertainment Development Fund to be reclassified as fees and self-generated revenue into a fund account. The fund account will be filled with the same fees as the original statutory dedication. |
| \$0                         | \$0                   | \$100,000                        | (\$100,000)           | \$0           | \$0   | 0    | <b>Total Means of Finance Substitutions</b>                                                                                                                                                                                                     |

### Non-recurring Other Adjustments

| State General Fund (Direct) | Interagency Transfers | Fees and Self-generated Revenues | Statutory Dedications | Federal Funds | Total       | T.O. | Adjustment                                                                                                                                                                                  |
|-----------------------------|-----------------------|----------------------------------|-----------------------|---------------|-------------|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| \$0                         | (\$500,000)           | \$0                              | \$0                   | \$0           | (\$500,000) | 0    | Tax Collection - Non-recur administrative expenses related to the LA Small Business and Nonprofit Assistance Program, which was funded through the federal American Rescue Plan Act (ARPA). |
| \$0                         | (\$500,000)           | \$0                              | \$0                   | \$0           | (\$500,000) | 0    | <b>Total Non-recurring Other Adjustments</b>                                                                                                                                                |

### Other Adjustments

| State General Fund (Direct) | Interagency Transfers | Fees and Self-generated Revenues | Statutory Dedications | Federal Funds | Total     | T.O. | Adjustment                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------|-----------------------|----------------------------------|-----------------------|---------------|-----------|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| \$0                         | \$0                   | \$35,985                         | \$0                   | \$0           | \$35,985  | 0    | Tax Collection - increased funding for the Platts Master Subscription Agreement with DNR for severance tax collection purposes and the financial data match process with DCFS for use in collections.                                                                                                                                                                            |
| \$0                         | \$0                   | \$400                            | \$0                   | \$0           | \$400     | 0    | Tax Collection - increased funding for the annual license renewal fee for Adobe Acrobat.                                                                                                                                                                                                                                                                                         |
| \$0                         | \$0                   | \$117,500                        | \$0                   | \$0           | \$117,500 | 0    | Tax Collection - increased funding for the re-opening of the Monroe office of LDR to provide a physical location for taxpayers and customers of LDR with improved customer service and a more efficient work product such as resolving billing issues, filing returns and handling tax questions. Currently, the area is served with LDR representatives working from home.      |
| \$0                         | \$0                   | \$97,403                         | \$0                   | \$0           | \$97,403  | 0    | Tax Collection - increased funding for the re-opening of the Shreveport office of LDR to improve customer service and provide efficiencies in LDR duties such as resolving billing issues, filing missing returns and collecting back taxes.                                                                                                                                     |
| \$0                         | \$0                   | \$5,879                          | \$0                   | \$0           | \$5,879   | 0    | Alcohol and Tobacco Control - increased funding for the re-opening of the Monroe office of LDR to provide a physical location for taxpayers and customers of LDR with improved customer service and a more efficient work product such as resolving billing issues, and handling permitting questions. Currently, the area is served with LDR representatives working from home. |
| \$0                         | \$0                   | \$0                              | \$0                   | \$0           | \$0       | 0    |                                                                                                                                                                                                                                                                                                                                                                                  |
| \$0                         | \$0                   | \$257,167                        | \$0                   | \$0           | \$257,167 | 0    | <b>Total Other Adjustments</b>                                                                                                                                                                                                                                                                                                                                                   |

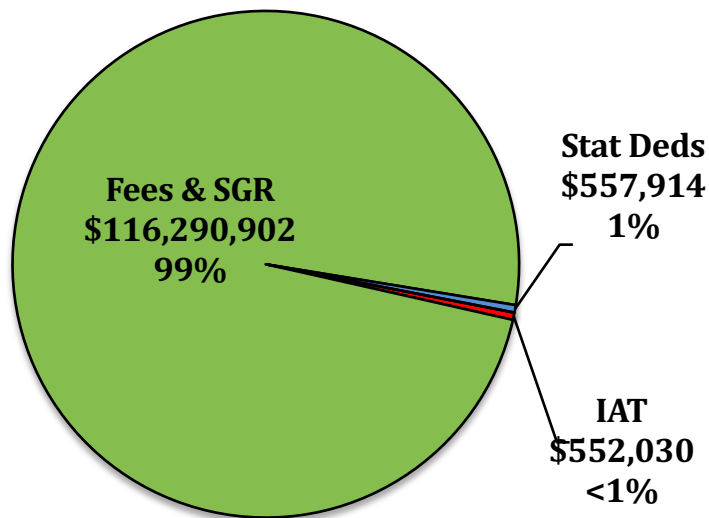




# 12-440 – Department of Revenue

| Total Funding                       | FY21 Actual          | FY22 Enacted         | FY22 EOB as of 12-1-21 | FY23 Recommended     | Difference FY22 EOB to FY23 Recommended |
|-------------------------------------|----------------------|----------------------|------------------------|----------------------|-----------------------------------------|
| State General Fund                  | \$0                  | \$0                  | \$0                    | \$0                  | \$0                                     |
| Interagency Transfers               | \$431,837            | \$552,030            | \$1,052,030            | \$552,030            | (\$500,000)                             |
| Fees and Self-generated Revenue     | \$100,826,812        | \$111,598,823        | \$113,495,250          | \$116,290,902        | \$2,795,652                             |
| Statutory Dedications               | \$657,914            | \$657,914            | \$657,914              | \$557,914            | (\$100,000)                             |
| Tobacco Regulation Enforcement Fund | \$557,914            | \$557,914            | \$557,914              | \$557,914            | \$0                                     |
| LA Entertainment Development Fund   | \$100,000            | \$100,000            | \$100,000              | \$0                  | (\$100,000)                             |
| Federal                             | \$0                  | \$0                  | \$0                    | \$0                  | \$0                                     |
| <b>REVENUE TOTAL</b>                | <b>\$101,916,563</b> | <b>\$112,808,767</b> | <b>\$115,205,194</b>   | <b>\$117,400,846</b> | <b>\$2,195,652</b>                      |

## FY23 Recommended Means of Finance



**Total \$117.4M**

**\$2,195,652 Budget Adjustment** = primarily due to the 27<sup>th</sup> pay period (+\$2.3M) and net increase in personal services, including market rate adjustments to salary and related benefits (+\$2.5M) and increased office space (+\$0.2M) offset by non-recurring adjustments (-\$3M) and personnel reductions (-\$0.4M). The remaining adjustments are mostly statewide.

## Fees and Self-generated Revenues

- 1% of general sales, income and corporate franchise tax (net of dedications)
- Fees and Penalties for each program
- LA Entertainment Development Fund Account

The following Tax Collection penalties will be sent to the State General Fund beginning in FY23:

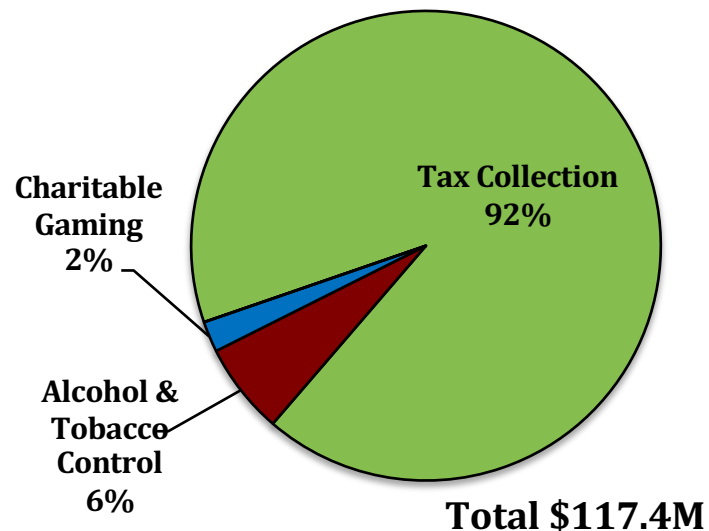
Accuracy, Delinquent, Late Payment, Negligence, Non E-file, No Account Number



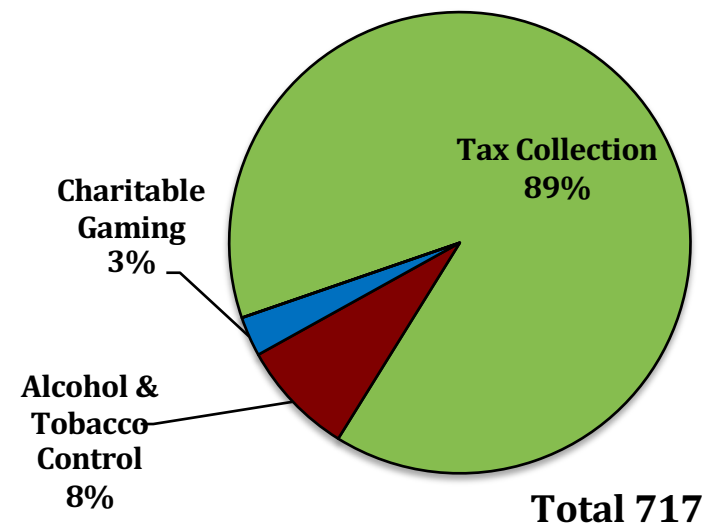
# 12-440 – Department of Revenue FY23 Program Breakout

|                                   | FY21 Actual          | FY22 Enacted         | FY22 EOB as of<br>12-1-21 | FY23<br>Recommended  | Difference FY22<br>EOB vs. FY23<br>Recommended |
|-----------------------------------|----------------------|----------------------|---------------------------|----------------------|------------------------------------------------|
| Tax Collection                    | \$93,452,150         | \$103,055,028        | \$105,451,455             | \$107,523,917        | \$2,072,462                                    |
| Alcohol & Tobacco Control         | \$6,513,167          | \$7,402,693          | \$7,402,693               | \$7,385,993          | (\$16,700)                                     |
| Charitable Gaming                 | \$1,951,246          | \$2,351,046          | \$2,351,046               | \$2,490,936          | \$139,890                                      |
| <b>TOTAL FUNDING</b>              | <b>\$101,916,563</b> | <b>\$112,808,767</b> | <b>\$115,205,194</b>      | <b>\$117,400,846</b> | <b>\$2,195,652</b>                             |
| Tax Collection                    | 642                  | 642                  | 642                       | 639                  | (3)                                            |
| Alcohol & Tobacco Control         | 58                   | 58                   | 58                        | 58                   | 0                                              |
| Charitable Gaming                 | 20                   | 20                   | 20                        | 20                   | 0                                              |
| <b>TOTAL AUTHORIZED POSITIONS</b> | <b>720</b>           | <b>720</b>           | <b>720</b>                | <b>717</b>           | <b>(3)</b>                                     |

**FY23 Recommended  
Total Means of Finance**



**FY23 Recommended  
Authorized Positions**







# Department of Revenue

## Departmental Funding – Act 348 of 2020 Regular Session

- Portions of the funding source of the Tax Collection program will change from departmental fees to an amount equal to 1% of gross tax collections from General Sales, Income, and Corporate Franchise state general fund net of Statutory Dedications beginning in FY23. The state general fund revenue will be classified as self-generated revenue to the Department of Revenue.
- The following penalties collected by the Department of Revenue will transfer to the state general fund beginning in FY23: Accuracy, Delinquent, Late Payment, Negligence, Non E-file, No Account Number
- Using the January 2022 Official Forecast, a significant and growing fee balance is anticipated that the Department will retain.

|                                             | FY22              | FY23 from Jan REC    | FY24                 | FY25                 | FY26                 |
|---------------------------------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| <b>REC Estimates</b>                        |                   |                      |                      |                      |                      |
| Corporate Income and Franchise Tax          |                   | 577,700,000          | 569,700,000          | 562,300,000          | 557,300,000          |
| Personal Income Tax                         |                   | 4,294,200,000        | 4,366,100,000        | 4,448,500,000        | 4,530,500,000        |
| Sales                                       |                   | 3,843,500,000        | 3,893,600,000        | 3,943,900,000        | 3,566,100,000        |
| less: Tourism Promotion District            |                   | (16,200,000)         | (16,400,000)         | (16,600,000)         | (15,000,000)         |
| less: Economic Development Fund             |                   | (28,900,000)         | (29,200,000)         | (29,600,000)         | (26,700,000)         |
| less: 5c Telecomm Fund for the Deaf         |                   | (3,400,000)          | (3,400,000)          | (3,400,000)          | (3,400,000)          |
| <b>TOTAL REC Estimates</b>                  |                   | <b>8,666,900,000</b> | <b>8,780,400,000</b> | <b>8,905,100,000</b> | <b>8,608,800,000</b> |
| <b>Beginning Balance</b>                    | <b>86,475,416</b> | <b>69,274,993</b>    | <b>86,759,408</b>    | <b>102,690,725</b>   | <b>117,113,742</b>   |
| <b>TOTAL from SGF (1% of REC Estimates)</b> | <b>-</b>          | <b>86,669,000</b>    | <b>87,804,000</b>    | <b>89,051,000</b>    | <b>86,088,000</b>    |
| <b>TOTAL Retained Fees</b>                  | <b>38,039,941</b> | <b>38,339,332</b>    | <b>38,339,332</b>    | <b>38,339,332</b>    | <b>38,339,332</b>    |
| <b>TOTAL To SGF</b>                         | <b>49,611,091</b> | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             |
| Total Current Year Fees                     | 87,651,032        | 125,008,332          | 126,143,332          | 127,390,332          | 124,427,332          |
| less: Tax Collection Budget                 | 104,851,455       | 107,523,917          | 110,212,015          | 112,967,315          | 115,791,498          |
| Ending Balance Projection                   | (17,200,423)      | 17,484,415           | 15,931,317           | 14,423,017           | 8,635,834            |
| <b>Ending Balance Including Surplus</b>     | <b>69,274,993</b> | <b>86,759,408</b>    | <b>102,690,725</b>   | <b>117,113,742</b>   | <b>125,749,576</b>   |



# Categorical Expenditures

## Examples of Categories

**Departments expend funding in the five major categories listed below.**

### **Personal Services**

- Salaries – Regular, overtime, and termination pay for Classified and Unclassified personnel.
- Other Compensation – Wages, student labor, compensation for board members and/or board of trustees, evening instruction, university instructors, etc.
- Related Benefits – Retirement contributions, post-retirement contributions/benefits, FICA tax, Medicare tax, group insurance contributions, compensated absences, other related benefits, taxable fringe benefits, etc.

### **Total Operating Expenses**

- Travel – In-state and Out-of-state, including meal reimbursement.
- Operating Services – Advertising, printing, insurance, maintenance, rentals, data processing, internet costs, dues and subscriptions, mail delivery, telephones, data lines, vehicle tracking and telematics, utilities, depreciation, amortization, banking services, credit card fees, etc.
- Supplies – office supplies and equipment, computers, clothing and uniforms, medical, pharmaceutical, food, automotive, repair and maintenance, software, etc.

**Professional Services** – Accounting, auditing, management consulting, engineering, architectural, legal, medical and dental, veterinary, information technology, etc.

### **Total Other Charges**

- Other Charges – Aid to school boards, local government, etc.; public assistance; miscellaneous charges; judgments, fines, and penalties; interest on judgments; punitive/compensatory damages; OC personal services, operating expenses, professional services; contract attorney expenses; recoupments; furlough; contractual services; interest expense; claim payments; commercial group insurance; reinsurance; loans issued; disbursements; etc.
- Debt Service – Principal, interest, related charges, reserve requirement, amortization, and bond premiums.
- Interagency Transfer Line-Item Expenditure – Any expenses paid for with Interagency Transfers – from commodities and services to equipment.

### **Acquisitions and Major Repairs**

- Acquisitions – Land; buildings; automobiles; aircraft; accessories; equipment; software; hardware; farm and heavy equipment; boats; capital outlay expenditures; construction; etc.
- Major Repairs – Land improvement; buildings; automotive; grounds; boats; aircraft; movable equipment; farm equipment; medical; office; library; education; recreation; communication; other equipment; pollution remediation; etc.

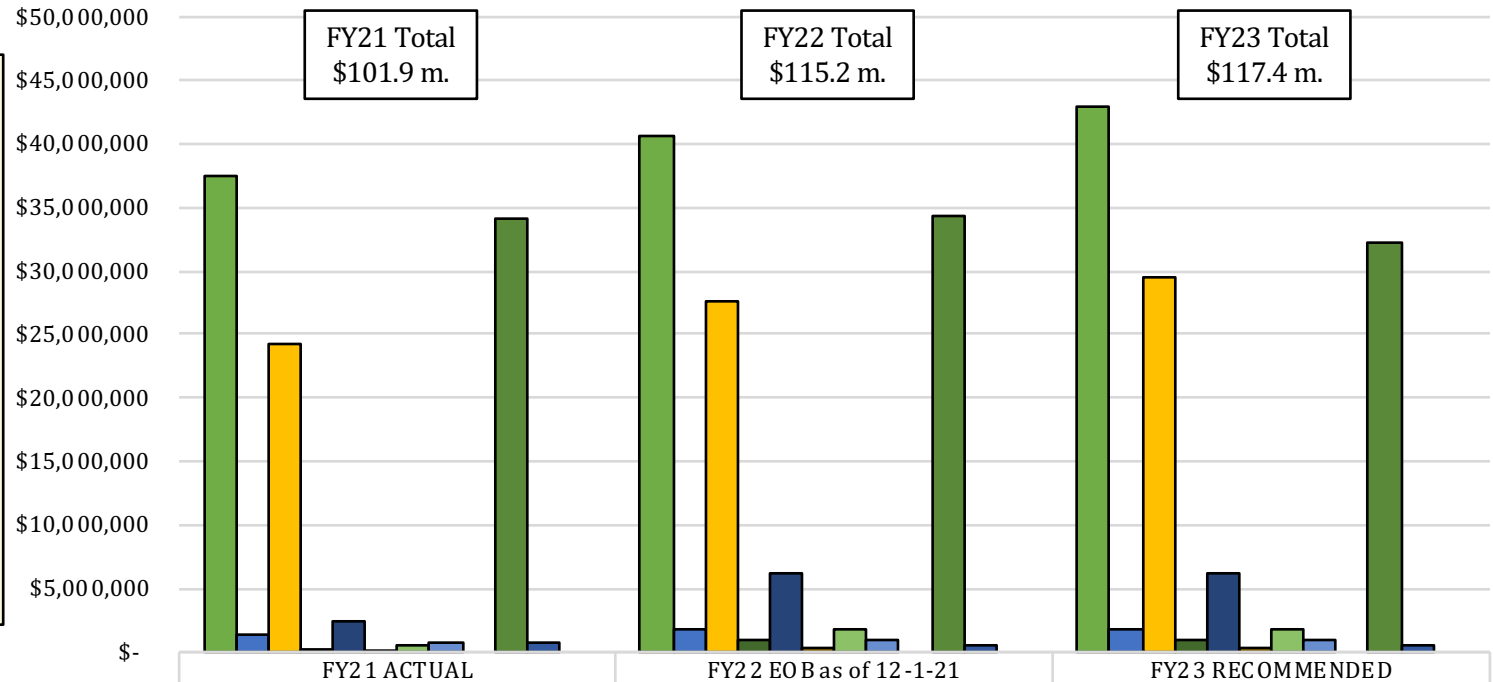


# Department of Revenue Categorical Expenditures FY21, FY22, and FY23

For FY23 Recommended, the largest Expenditure Category is Personal Services, which makes up over 63 percent of Total Expenditures.

Adjustments to Personal Services include market rate adjustments with related benefits and the 27<sup>th</sup> pay period offset by the reduction of 3 positions.

Other Charges contributes roughly 28 percent and include printing and mailing expenses, and Office of Technological Services (OTS) fees for computer services and telecommunication.



## Personal Services

## Operating Expenses

## Professional Services

## Other Charges

## Acquisitions and Major Repairs

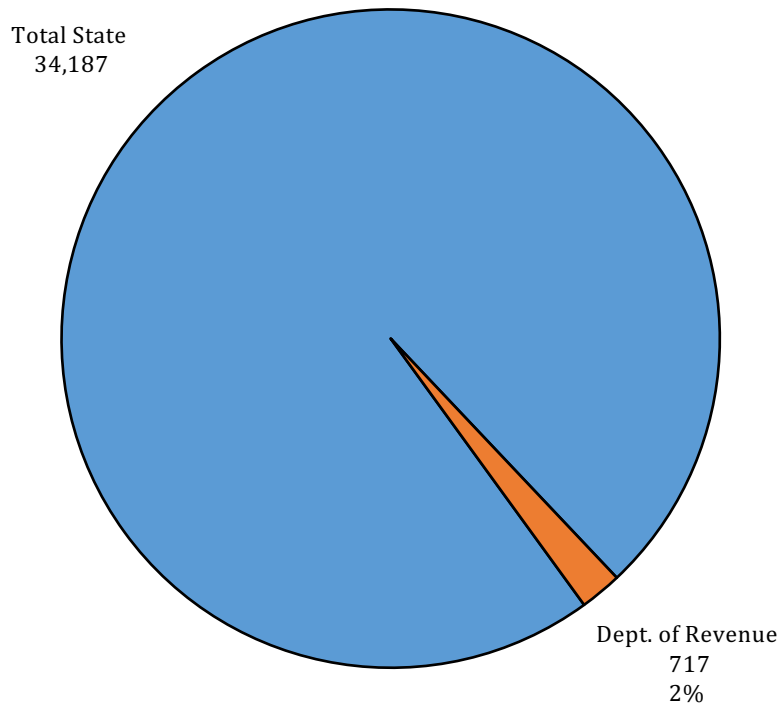
|                       | FY21 ACTUAL  | FY22 EO Bas of 12-1-21 | FY23 RECOMMENDED |
|-----------------------|--------------|------------------------|------------------|
| Salaries              | \$37,454,523 | \$40,621,865           | \$42,960,472     |
| Other Compensation    | \$1,445,394  | \$1,718,388            | \$1,718,388      |
| Related Benefits      | \$24,212,859 | \$27,584,670           | \$29,515,383     |
| Travel                | \$111,077    | \$1,007,068            | \$1,007,068      |
| Operating Services    | \$2,390,620  | \$6,192,964            | \$6,192,964      |
| Supplies              | \$210,438    | \$417,211              | \$417,211        |
| Professional Services | \$558,890    | \$1,745,949            | \$1,745,949      |
| Other Charges         | \$670,545    | \$1,029,043            | \$1,029,043      |
| Debt Service          | \$-          | \$-                    | \$-              |
| Interagency Transfers | \$34,195,000 | \$34,346,584           | \$32,306,045     |
| Acquisitions          | \$667,220    | \$541,452              | \$508,323        |
| Major Repairs         | \$-          | \$-                    | \$-              |



# Department of Revenue

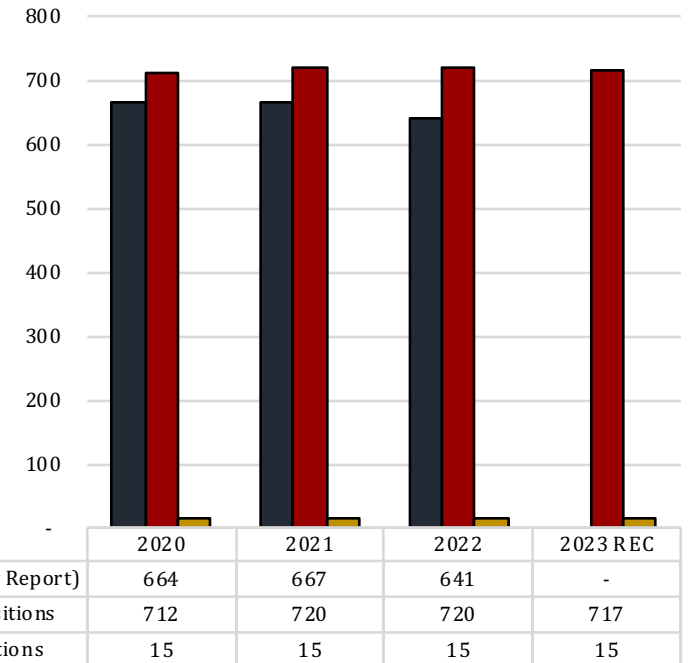
## FTEs, Authorized T.O., and Other Charges Positions

**FY23 Department Employees  
as a portion of  
FY23 Total State Employees**



FY22 number of funded, but not filled,  
positions as of January 31 = 91

**Number  
and  
Types  
of  
Positions**



The full-time equivalent or **FTE** definition refers to the number of hours considered full-time. For example, if an agency considers 40 hours full time, and there are two employees working 20 hours per week, those two employees would be 1.0 FTE.

**Authorized Positions** are those referred to in the Table of Organization (or T.O.) for each department. This count includes only those positions paid for from the Salaries expenditure category for the organization units and agencies include in each department's appropriation. This excludes positions paid for from other expenditure categories, such as wages or per diem.

**Other Charges** positions are authorized under R.S. 39:2(5)(b) ...

(5)(b) "Authorized other charges positions" means the number of positions in an appropriation bill to be funded by the other charges continuing category of the accounting system for the state. The number may be adjusted during a fiscal year in accordance with law.

- [Act 377 of 2013 by Rep. Burrell]
- Positions coded in the Other Charges expenditure category
- These positions are usually associated with federal grants



# Department of Revenue

## Related Employment Information

Salaries and Related Benefits for the 717 Authorized Positions are listed below in Chart 1.  
In Chart 2, benefits are broken out to show the portion paid for active versus retired employees.  
This is where payments for the Unfunded Accrued Liability (UAL) can be found.

1.

| Personal Services              | 2020 Actual         | 2021 Actual         | 2022 Enacted        | 2023 Recommended    |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|
| Salaries                       | \$37,830,323        | \$37,454,521        | \$40,621,865        | \$42,960,472        |
| Other Compensation             | \$1,273,699         | \$1,445,394         | \$1,718,388         | \$1,718,388         |
| Related Benefits               | \$24,695,732        | \$24,212,859        | \$27,584,670        | \$29,515,383        |
| <b>Total Personal Services</b> | <b>\$63,799,754</b> | <b>\$63,112,774</b> | <b>\$69,924,923</b> | <b>\$74,194,243</b> |

Average T.O Salary = \$59,917

Salaries/Authorized Positions

*Examples of Other Compensation include pay for WAE employees, part-time employees, student workers, etc.*

2.

| Related Benefits FY23 Recommended | Total Funding     | %            |
|-----------------------------------|-------------------|--------------|
| Total Related Benefits            | \$29,515,383      |              |
| UAL payments                      | \$15,601,673      | 53%          |
| Retiree Health Benefits           | \$5,517,261       |              |
| Remaining Benefits*               | \$8,615,099       |              |
| Means of Finance                  | General Fund = 0% | Other = 100% |

\* Remaining Benefits include employer contribution to authorized positions' retirement, health, Medicare, FICA, Emoluments etc. The authorized positions include authorized T.O. positions and authorized other charges positions, both filled and vacant.

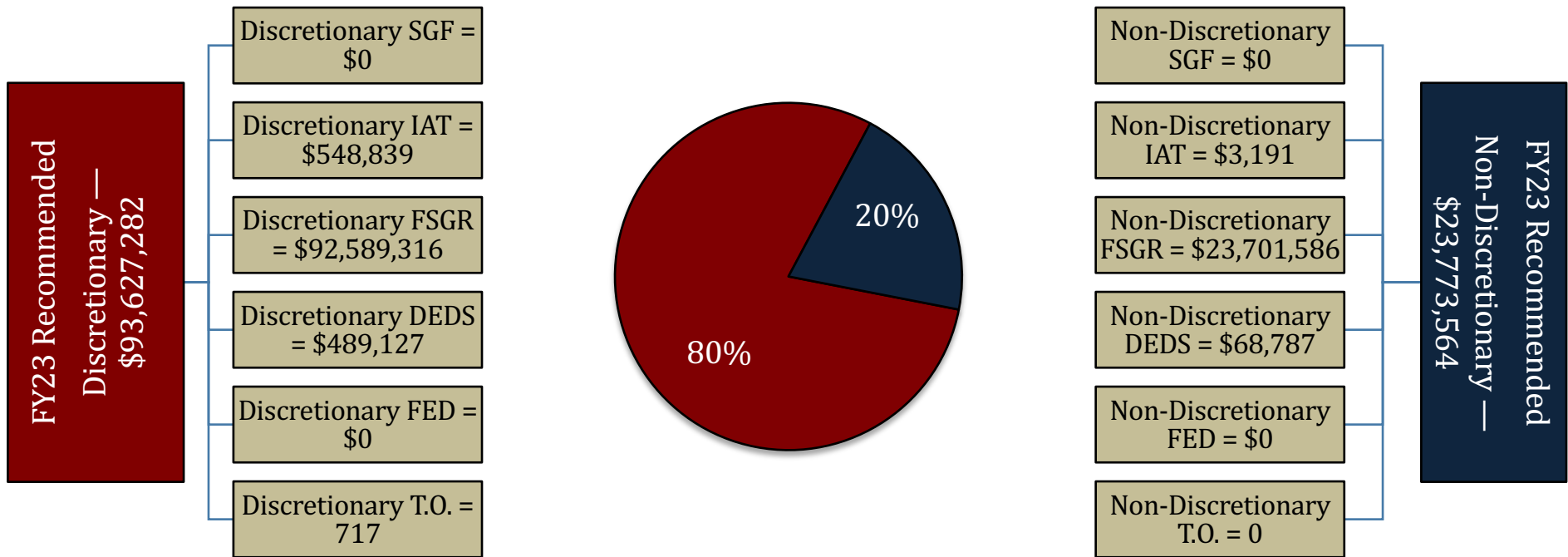
Other Charges Benefits  
\$218,140

| Department Demographics                        | Total     | %         |
|------------------------------------------------|-----------|-----------|
| <b>Gender</b>                                  |           |           |
| Female                                         | 541       | 78        |
| Male                                           | 153       | 22        |
| <b>Race/Ethnicity</b>                          |           |           |
| White                                          | 226       | 33        |
| Black                                          | 416       | 60        |
| Asian                                          | 23        | 3         |
| Indian                                         | 2         | <0.5      |
| Hawaiian/Pacific                               | 0         | <0.5      |
| Declined to State                              | 28        | 4         |
| <b>Currently in DROP or Eligible to Retire</b> | <b>85</b> | <b>12</b> |



# 12-440 Department of Revenue

## FY23 Discretionary/Non-Discretionary Comparison



| Total Discretionary Funding by Office |                      |             |
|---------------------------------------|----------------------|-------------|
| Tax Collection                        | \$ 85,694,256        | 92%         |
| Alcohol & Tobacco Control             | \$ 5,880,362         | 6%          |
| Charitable Gaming                     | \$ 2,052,664         | 2%          |
| <b>Total Discretionary</b>            | <b>\$ 93,627,282</b> | <b>100%</b> |

| Total Non-Discretionary Funding by Type |                      |             |
|-----------------------------------------|----------------------|-------------|
| UAL Obligation                          | \$ 15,601,673        | 66%         |
| Retirees Group Insurance                | \$ 5,517,261         | 23%         |
| Rent in State-owned Buildings           | \$ 2,088,750         | 9%          |
| Legislative Auditor Fees                | \$ 565,880           | 2%          |
| <b>Total Non-Discretionary</b>          | <b>\$ 23,773,564</b> | <b>100%</b> |





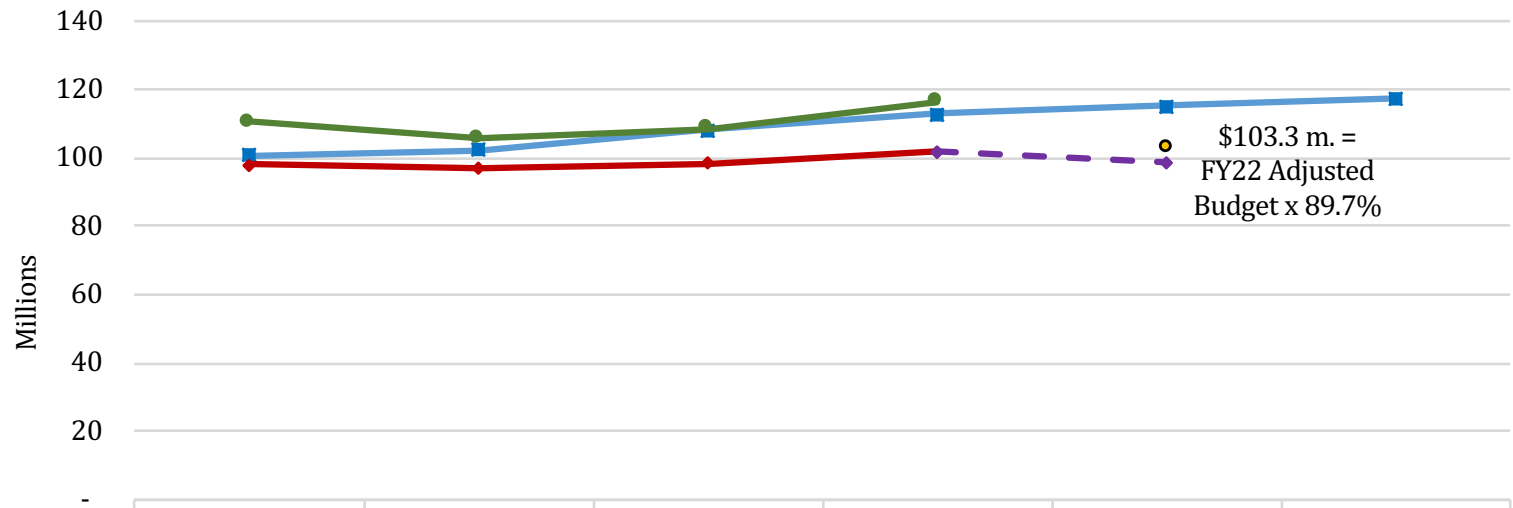
# 12-440 Department of Revenue

## Enacted & FYE Budget vs. Actual Expenditures FY18 to FY21

**FYE Budget = "Fiscal Year End" Budget** includes all in-house and regular BA-7s through June 30 of the fiscal year. For FY22, it is as of January.

**FY22 Known  
Supplemental Needs:  
\$0**

**FY21 General Fund  
Reversions:  
\$0**



|                        | FY18        | FY19        | FY20        | FY21          | FY22 EO B     | FY23<br>Recommended |
|------------------------|-------------|-------------|-------------|---------------|---------------|---------------------|
| Enacted Budget         | 100,567,570 | 102,406,220 | 107,996,014 | \$112,854,331 | \$115,205,194 | \$117,400,846       |
| FYE Budget             | 110,656,092 | 105,749,842 | 108,662,134 | \$116,300,373 |               |                     |
| Actual Expenditures    | 98,162,028  | 96,975,938  | 98,482,313  | \$101,916,563 |               |                     |
| FY22 Expenditure Trend |             |             |             | \$101,916,563 | \$98,722,876  |                     |

| Monthly Budget Activity |                      |                             |                            |                          |
|-------------------------|----------------------|-----------------------------|----------------------------|--------------------------|
|                         | FY22 Adjusted Budget | FY22 Aggregate Expenditures | Remaining Budget Authority | Percent Expended To Date |
| Jul-21                  | \$ 113,308,767       | \$ 7,819,929                | \$ 105,488,838             | 6.9%                     |
| Aug-21                  | \$ 115,205,194       | \$ 15,286,337               | \$ 99,918,857              | 13.3%                    |
| Sep-21                  | \$ 115,205,194       | \$ 22,610,009               | \$ 92,595,185              | 19.6%                    |
| Oct-21                  | \$ 115,205,194       | \$ 32,905,198               | \$ 82,299,996              | 28.6%                    |
| Nov-21                  | \$ 115,205,194       | \$ 37,715,172               | \$ 77,490,022              | 32.7%                    |
| Dec-21                  | \$ 115,205,194       | \$ 50,315,873               | \$ 64,889,321              | 43.7%                    |
| Jan-22                  | \$ 115,205,194       | \$ 57,588,344               | \$ 57,616,850              | 50.0%                    |

| Monthly Budget Activity                                      |                      |                             |                            |                          |
|--------------------------------------------------------------|----------------------|-----------------------------|----------------------------|--------------------------|
|                                                              | FY22 Adjusted Budget | FY22 Aggregate Expenditures | Remaining Budget Authority | Percent Expended To Date |
| <i>(Trend based on average monthly expenditures to date)</i> |                      |                             |                            |                          |
| Feb-22                                                       | \$ 115,205,194       | \$ 65,815,251               | \$ 49,389,943              | 57.1%                    |
| Mar-22                                                       | \$ 115,205,194       | \$ 74,042,157               | \$ 41,163,037              | 64.3%                    |
| Apr-22                                                       | \$ 115,205,194       | \$ 82,269,063               | \$ 32,936,131              | 71.4%                    |
| May-22                                                       | \$ 115,205,194       | \$ 90,495,970               | \$ 24,709,224              | 78.6%                    |
| Jun-22                                                       | \$ 115,205,194       | \$ 98,722,876               | \$ 16,482,318              | 85.7%                    |

Historical Year End Average

89.7%  
15



# Incentive Expenditure Forecast

- For FY23, the Department of Revenue is forecasting the value of incentive expenditures to be \$692M.
- The Department of Revenue administers the following incentive expenditure programs:

## **INCENTIVE EXPENDITURES:**

Procurement Processing Company Rebate Program

Louisiana Capital Companies Tax Credit Program

## ***AUTHORITY***

*R.S. 47:6351*

*R.S. 51:1921*

## **FY23 FORECAST**

**\$ 70,00,000**

**\$ 0**

In accordance with Act 401 of the 2017 Regular Session, the Department of Revenue prepares and presents a forecast of incentives paid through the state general fund for recognition by the Revenue Estimating Conference. These credits, exclusions, exemptions, deductions and rebates impact the state general fund revenue in the same manner as an expenditure.

This table includes history and an estimate of the amount of state general fund that is expected to be foregone for each incentive. In its official forecast, the Revenue Estimating Conference forecasts state general fund available after deducting the impact of these incentives.

*(The full Incentive Expenditure Forecast report is on the following page. Most of the remaining incentive expenditure programs are administered by the Department of Economic Development)*



# Incentive Expenditure Forecast

## Schedule 12 – Department of Revenue

### INCENTIVE EXPENDITURE FORECAST HISTORICAL AND CURRENT PROJECTIONS AND ACTUALS January 2022

| Incentive Expenditure                                                       | Legal Authority     | Adm. Agency | FYE 6-20 (Projected) | FYE 6-20 (Actual)    | FYE 6-21 (Projected) | FYE 6-21 (Actual)    | FYE 6-22 (Projected) | FYE 6-22 (YTD Actual) | FYE 6-23 (Projected) |
|-----------------------------------------------------------------------------|---------------------|-------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| Tax Credit for Rehabilitation of Historic Structures                        | R.S. 47:6019        | CRT/LDR     | \$150,000,000        | \$132,893,757        | \$123,000,000        | \$63,431,384         | \$185,000,000        | \$49,864,399          | \$125,000,000        |
| Atchafalaya Trace Heritage Area Development Zone                            | R.S. 25:1226        | CRT/LED     | Unable to anticipate | \$0                  | Unable to anticipate | \$0                  | \$0                  | \$0                   | \$0                  |
| Cane River Heritage Tax Credit                                              | R.S. 47:6026        | CRT         | Unable to anticipate | \$0                  | Unable to anticipate | \$0                  | \$0                  | \$0                   | \$0                  |
| <b>Subtotal</b>                                                             |                     | <b>CRT</b>  | <b>\$150,000,000</b> | <b>\$132,893,757</b> | <b>\$123,000,000</b> | <b>\$63,431,384</b>  | <b>\$185,000,000</b> | <b>\$49,864,399</b>   | <b>\$125,000,000</b> |
| Brownfields Investor Tax Credit                                             | R.S. 47:6021        | DEQ         | Negligible           | \$19,614             | Negligible           | \$32,025             | Negligible           | \$0                   | \$0                  |
| <b>Subtotal</b>                                                             |                     | <b>DEQ</b>  | <b>\$0</b>           | <b>\$19,614</b>      | <b>\$0</b>           | <b>\$32,025</b>      | <b>\$0</b>           | <b>\$0</b>            | <b>\$0</b>           |
| Motion Picture Investor Tax Credit                                          | (R.S. 47:6007)      | LED         | \$180,000,000        | \$180,000,000        | \$180,000,000        | \$180,000,000        | \$180,000,000        | \$78,943,302          | \$180,000,000        |
| Louisiana Quality Jobs Program Act                                          | (R.S. 51:2451)      | LED         | \$160,000,000        | \$51,571,578         | \$165,000,000        | \$157,512,623        | \$150,000,000        | \$56,725,913          | \$155,000,000        |
| Louisiana Enterprise Zone Act                                               | (R.S. 51:1781)      | LED         | \$52,000,000         | \$26,653,920         | \$40,000,000         | \$43,941,660         | \$43,800,000         | \$32,437,156          | \$38,700,000         |
| Digital Interactive Media and Software Act                                  | (R.S. 47:6022)      | LED         | \$75,000,000         | \$30,809,258         | \$31,700,000         | \$20,819,668         | \$33,825,000         | \$12,790,545          | \$83,042,000         |
| Research and Development Tax Credit                                         | (R.S. 47:6015)      | LED         | \$7,000,000          | \$5,076,536          | \$7,000,000          | \$5,521,533          | \$6,400,000          | \$4,217,543           | \$6,500,000          |
| Angel Investor Tax Credit Program                                           | (R.S. 47:6020)      | LED         | \$4,000,000          | \$2,922,511          | \$4,000,000          | \$1,992,437          | \$3,127,000          | \$1,667,427           | \$3,050,000          |
| Industrial Tax Equalization Program                                         | (R.S. 47:3201-3205) | LED         | \$6,000,000          | \$7,037,106          | \$14,500,000         | \$4,889,021          | \$6,100,000          | \$1,321,945           | \$5,540,000          |
| Exemption for Manufacturing Establishments                                  | (R.S. 47:4301-4306) | LED         | \$1,500,000          | \$1,500,000          | \$1,500,000          | \$1,500,000          | \$1,500,000          | \$1,250,290           | \$0                  |
| Musical and Theatrical Productions Income Tax Credit                        | (R.S. 47:6034)      | LED         | \$6,500,000          | \$2,386,770          | \$6,000,000          | \$2,379,490          | \$3,300,000          | \$918,636             | \$3,500,000          |
| Retention and Modernization Act                                             | (R.S. 51:2399.1-.6) | LED         | \$9,000,000          | \$2,522,000          | \$10,500,000         | \$1,910,000          | \$5,000,000          | \$392,000             | \$7,500,000          |
| New Market Tax Credit                                                       | (R.S. 47:6016)      | LED/LDR     | Unable to anticipate | \$23,624             | Unable to anticipate | Negligible           | Negligible           | \$44,067              | Unable to Anticipate |
| Sound Recording Investor Tax Credit                                         | (R.S. 47:6023)      | LED         | \$330,000            | \$88,447             | \$611,000            | \$44,376             | \$81,000             | \$21,302              | \$75,000             |
| Competitive Projects Payroll Incentive Program                              | (R.S. 51:3121)      | LED         | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                   | \$0                  |
| Ports of Louisiana Tax Credits                                              | (R.S. 47:6036)      | LED         | Unable to anticipate | \$0                  | Unable to anticipate | \$0                  | \$0                  | \$0                   | \$0                  |
| Corporate Headquarters Relocation Program                                   | (R.S. 51:3111)      | LED         | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect         | Not in Effect        |
| Louisiana Community Economic Development Act                                | (R.S. 47:6031)      | LED         | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect         | Not in Effect        |
| Louisiana Motion Picture Incentive Act                                      | (R.S. 47:1121)      | LED/OFI     | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect         | Not in Effect        |
| Tax Credit for Green Jobs Industries                                        | (R.S. 47:6037)      | LED         | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect         | Not in Effect        |
| Technology Commercialization Credit and Jobs Program                        | (R.S. 51:2351)      | LED         | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect         | Not in Effect        |
| University Research and Development Parks                                   | (R.S. 17:3389)      | LED         | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect         | Not in Effect        |
| Urban Revitalization Tax Incentive Program                                  | (R.S. 51:1801)      | LED         | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect        | Not in Effect         | Not in Effect        |
| <b>Subtotal</b>                                                             |                     | <b>LED</b>  | <b>\$501,330,000</b> | <b>\$310,591,750</b> | <b>\$460,811,000</b> | <b>\$420,510,808</b> | <b>\$433,133,000</b> | <b>\$190,730,126</b>  | <b>\$482,907,000</b> |
| Procurement Processing Company Rebate Program                               | R.S. 47:6351        | LDR         | \$25,000,000         | \$23,332,571         | \$36,900,000         | \$37,603,709         | \$58,000,000         | \$13,418,663          | \$70,000,000         |
| Louisiana Capital Companies Tax Credit Program (See Note 3)                 | R.S. 51:1921        | LDR         | Negligible           | Negligible           | Negligible           | \$0                  | Negligible           | \$0                   | \$0                  |
| <b>Subtotal</b>                                                             |                     | <b>LDR</b>  | <b>\$25,000,000</b>  | <b>\$23,332,571</b>  | <b>\$36,900,000</b>  | <b>\$37,603,709</b>  | <b>\$58,000,000</b>  | <b>\$13,418,663</b>   | <b>\$70,000,000</b>  |
| Donations to School Tuition Organizations (Rebates and Credits, See Note 4) | R.S. 47:6301        | DOE         | \$9,250,000          | \$15,748,248         | \$16,000,000         | \$12,221,146         | \$13,500,000         | \$6,747,127           | \$14,117,000         |
| <b>Subtotal</b>                                                             |                     | <b>DOE</b>  | <b>\$9,250,000</b>   | <b>\$15,748,248</b>  | <b>\$16,000,000</b>  | <b>\$12,221,146</b>  | <b>\$13,500,000</b>  | <b>\$6,747,127</b>    | <b>\$14,117,000</b>  |
| <b>TOTAL</b>                                                                |                     |             | <b>\$685,580,000</b> | <b>\$482,585,940</b> | <b>\$636,711,000</b> | <b>\$533,799,072</b> | <b>\$689,633,000</b> | <b>\$260,760,315</b>  | <b>\$692,024,000</b> |

"Negligible" means less than \$10,000

**Note 1** - Motion Picture Investor Credits sold to the state under the buy back provisions of R.S. 47:6007 are accounted for based on when the check associated with the buy back is issued rather than the date the credit is transferred to the state for buy back. Projections are limited to the \$180,000,000 credit cap set forth in Act 2015, No. 134. Actuals are also limited to the cap but due to deferrals not claimed in the proper fiscal year, the amount issued may be different.

**Note 2** - New Markets Jobs Act reduces insurance premium taxes; An additional authority was authorized by Act 17 of 2020 ES1.

**Note 3** - Louisiana Capital Companies Tax Credit Program also allows a credit against insurance premium taxes, reducing insurance premium taxes by \$19,864 in FYE 6-19 and \$1,040 in FYE 6-20.

This report was prepared in accordance with LA R.S. 39:24.1 for use at the Revenue Estimating Conference on January 11, 2022



## Department of Revenue Office of Debt Recovery

The Office of Debt Recovery (ODR) was established by Act 399 of the 2013 Regular Session. It is an office within the Department of Revenue created to collect delinquent taxes and other debt on behalf of other state agencies using collection tools available to LDR. All agencies that did not have contracts with the Attorney General's Office by January 1, 2014 were directed to refer all outstanding final debt to ODR.

There are currently 116 Agency Participation Agreements in the Office of Debt Recovery.

### Office of Debt Recovery

| <b>Collections Since Inception</b> | <b>\$303,819,076</b> |
|------------------------------------|----------------------|
| FY15                               | \$96,474             |
| FY16                               | \$50,781,585         |
| FY17                               | \$41,427,463         |
| FY18                               | \$31,948,792         |
| FY19                               | \$60,750,004         |
| FY20                               | \$58,555,958         |
| FY21                               | \$40,891,342         |
| FY22 thru 1/22                     | \$19,367,458         |

The Department retains 25% as a collection fee, which is added to the debt owed by the taxpayer.



# Department of Revenue

## Departmental Specifics

During FY22, the Department implemented the **Louisiana Nonprofit & Small Business Assistance Program** that offered grants of up to \$25,000 to eligible nonprofits and small businesses. The program was funded with \$10M in American Rescue Plan (ARP) funds and received over 175,000 applications since opening on August 16, 2021.

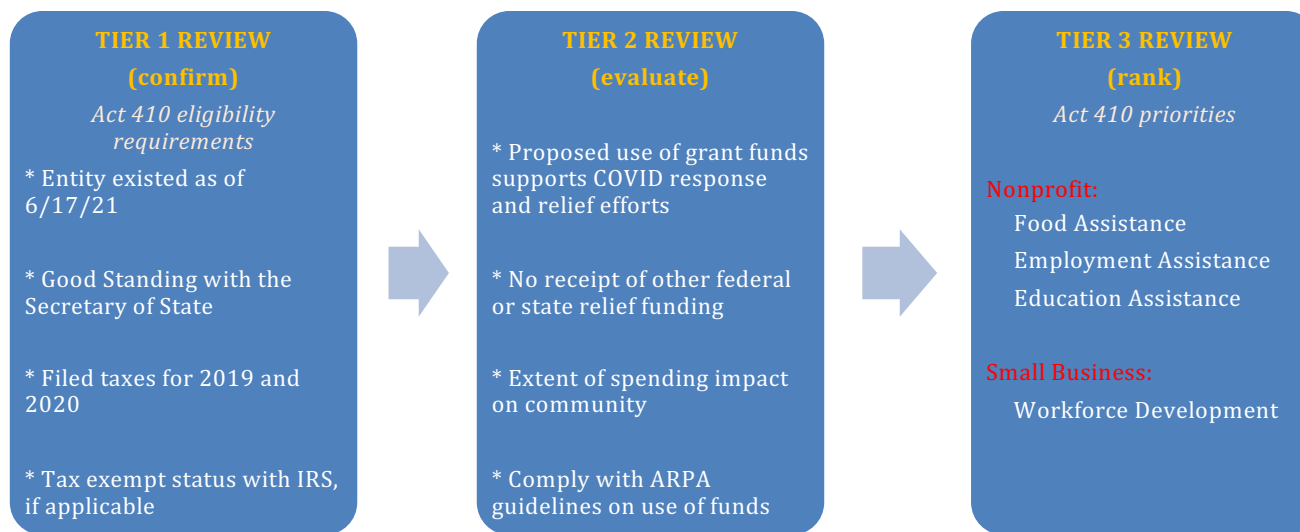
**As of 2/21/22, the program has obligated \$9.23M in funds to 402 applicants with an average grant award of \$22,960.** The remaining \$770,000 in funding will be obligated and disbursed by the end of February 2022 to the remaining applications that have passed the eligibility review.

All administrative costs will be absorbed in the Departmental budget.

Grant recipients must spend the funds or return them to LDR by 9/30/22. A final report with documented spending in accordance with the proposed spending must be filed by 10/31/22.

Over 98% of applicants did not pass Tier 1 Review, which are centered around Act 410 eligibility requirements. Applications submitted fraudulently have been referred to the LDR Criminal Investigations Division.

### Application Review Criteria





# Department of Revenue

## Key Audit Issues

*February 3, 2021*

The Department did not submit the return on investment analysis of various tax revenues and receivables for FY19 to the Legislature by the April 1, 2020 deadline.

Prior report findings related to inadequate preparation of the Annual Fiscal Report and duplicate individual income tax refunds were resolved.